



STATE TEACHERS
RETIREMENT SYSTEM
OF OHIO

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EXECUTIVE DIRECTOR
DAMON F. ASBURY

March 21, 2005

Mr. Aristotle Hutras, Director
Ohio Retirement Study Council
88 East Broad Street, Suite 1175
Columbus, OH 43215

Dear Mr. Hutras:

In accordance with Section 3307.041, Revised Code, we are submitting the proposed 2005-06 operating budget for STRS Ohio. The attached information is composed of four parts in the uniform format adopted by the five Ohio public retirement systems.

- The first page is a statement of planned operating and capital expenditures including comparisons to the 2004-05 fiscal year budget.
- The second page is a separate schedule of Retirement Board-related budget items in compliance with Section 3307.041, Revised Code. These anticipated Board expenses are included in the overall organization operating budget of \$85,953,800.
- The third page is a three-year historical summary of investment assets and related management costs.
- The fourth page shows statistical information about the number of participants in STRS Ohio and the number of associates providing benefits and services.

Although the proposed operating budget total is about 1% lower than the 2004-05 budget and is the lowest budget in five years for STRS Ohio, it is intended to provide the resources needed to pay timely and accurate benefits, manage investment assets, and maintain current service levels for members and benefit recipients. Additionally, the proposed budget complies with all Retirement Board policies and seeks to demonstrate to members that STRS Ohio is managing operating expenses prudently.

We anticipate making a formal presentation to the Ohio Retirement Study Council in April. Please feel free to contact me if you need additional information.

Sincerely,

Damon F. Asbury
Executive Director

Enclosures

Ohio Retirement System Budget Presentation to ORSC
STRS Ohio Proposed 2005–2006 Budget

Budget Periods	07/01/2005– 06/30/2006 2006 Budget	07/01/2004– 6/30/2005 2005 Budget	Increase (Decrease)	% Increase Decrease
Personnel	\$ 55,571,000	\$ 54,406,200	\$ 1,164,800	2.14%
Salaries and Wages	44,172,100	43,268,300	903,800	2.09%
OPERS Contributions	5,932,900	5,813,500	119,400	2.05%
Health Insurance	4,727,200	4,628,000	99,200	2.14%
Miscellaneous Expenses	738,800	696,400	42,400	6.09%
Professional Services	12,659,100	11,680,600	978,500	8.38%
Actuarial	600,000	600,000	0	0.00%
Audit	250,000	240,000	10,000	4.17%
Custodial Banking Fees	6,065,000	5,952,000	113,000	1.90%
Investment Consulting	2,223,000	1,583,800	639,200	40.36%
Other Consulting	3,306,100	3,089,800	216,300	7.00%
Banking Expense	215,000	215,000	0	0.00%
Communications Expense	3,729,500	4,047,700	(318,200)	-7.86%
Printing and Postage	2,953,200	3,088,200	(135,000)	-4.37%
Telephone	533,600	701,700	(168,100)	-23.96%
Member/Employer Education	195,000	231,900	(36,900)	-15.91%
Other Communications	47,700	25,900	21,800	84.17%
Other Operating Expense	11,715,100	14,114,300	(2,399,200)	-17.00%
Conferences and Education	635,800	688,700	(52,900)	-7.68%
Travel	881,400	988,300	(106,900)	-10.82%
Computer Technology	7,518,900	8,652,100	(1,133,200)	-13.10%
Other Operating	2,329,000	2,955,200	(626,200)	-21.19%
Ohio Retirement Study Council	325,000	800,000	(475,000)	-59.38%
Treasury of State Warrant Clearing Charges	25,000	30,000	(5,000)	-16.67%
Net Building Expense	2,279,100	2,317,100	(38,000)	-1.64%
Total Operating Budget	\$ 85,953,800	\$ 86,565,900	\$ (612,100)	-0.71%
Total Capital Budget	\$ 2,994,900	\$ 2,879,500	\$ 115,400	4.01%
Building Improvements	60,000	208,000		
Building Maintenance Equipment	140,500	125,800		
Infrastructure and Upgrades	2,516,900	2,319,500		
General Capital	277,500	226,200		



Ohio Retirement System Budget Presentation to ORSC
STRS Ohio Board Budget

	<u>2006 Budget</u>	<u>2005 Budget</u>	<u>Increase (Decrease)</u>	<u>% Increase Decrease</u>
Board Expenses				
Board Education and Travel	\$ 79,000	\$ 82,000	\$ (3,000)	-3.66%
Travel to Attend Board Meetings	16,000	13,000	3,000	23.08%
Other Board Expense	62,700	148,300	(85,600)	-57.72%
Total Board Expense	<u><u>\$ 157,700</u></u>	<u><u>\$ 243,300</u></u>	<u><u>\$ (85,600)</u></u>	<u><u>-35.18%</u></u>



Ohio Retirement System Budget Presentation to ORSC
STRS Ohio Historical Investment Expenses

	<u>Fiscal 2004 Actuals</u>	<u>Fiscal 2003 Actuals</u>	<u>Fiscal 2002 Actuals</u>
Investment Assets			
Total Internally Managed Assets	\$ 42,528,388,546	\$ 37,783,500,320	\$ 39,661,216,150
Total Externally Managed Assets	12,131,471,684	10,083,430,409	8,054,739,301
Total Investment Assets	<u>\$ 54,659,860,230</u>	<u>\$ 47,866,930,729</u>	<u>\$ 47,715,955,451</u>
Investment Expenses			
Total Internal Investment Expenses	\$ 17,145,181	\$ 19,443,013	\$ 20,580,095
Total External Investment Expenses	93,349,776	86,238,373	87,172,883
Investment Consulting	902,243	880,849	1,009,151
Brokerage/Commissions	26,601,742	23,718,181	31,369,934
Custodian Fees	5,775,337	4,196,532	4,885,502
Total Investment Expenses	<u>\$ 143,774,279</u>	<u>\$ 134,476,948</u>	<u>\$ 145,017,565</u>
Total Investment Expenses as a Percent of Total Investment Assets	0.26%	0.28%	0.30%



Ohio Retirement System Budget Presentation to ORSC
STRS Ohio Statistical Information

Description	<u>July 1, 2004</u>	<u>July 1, 2003</u>	<u>July 1, 2002</u>	<u>July 1, 2001</u>
STRS Ohio Associates (Full-time Equivalents)	623	673	709	691
Active Members	183,594	183,604	181,238	177,013
Inactive Members	134,501	131,600	124,584	123,444
Benefit Recipients	111,853	108,294	105,300	102,132
Reemployed Retirees	17,929	16,933	15,730	14,380

